

**191—98.2 (505) Purpose.** The purpose of this chapter is to improve the Iowa insurance division's surveillance of the financial condition of insurers by requiring an annual audit of financial statements reporting the financial position and the results of operations of insurers by independent certified public accountants, Communication of Internal Control Related Matters Noted in an Audit, and Management's Report of Internal Control Over Financial Reporting.

**98.2(1)** Every insurer (as defined in rule 191—98.3(505)) shall be subject to this chapter. Insurers having direct premiums written in this state of less than \$1 million in any calendar year and less than 1,000 policyholders or certificate holders of direct written policies nationwide at the end of the calendar year shall be exempt from this chapter for such year (unless the commissioner makes a specific finding that compliance is necessary for the commissioner to carry out statutory responsibilities), except that insurers having assumed premiums pursuant to contracts or treaties of reinsurance of \$1 million or more will not be so exempt.

**98.2(2)** Foreign or alien insurers filing the audited financial report in another state, pursuant to that state's requirement for filing of audited financial reports, which has been found by the commissioner to be substantially similar to the requirements herein, are exempt from rules 191—98.4(505) through 191—98.12(505) and 191—98.18(505) if:

*a.* A copy of the audited financial report, Communication of Internal Control Related Matters Noted in an Audit, and the letter to the insurer with the accountant's qualifications that are filed with such other state are filed with the commissioner in accordance with the filing dates specified in rules 191—98.4(505), 191—98.11(505), and 191—98.18(505), respectively (Canadian insurers may submit accountants' reports as filed with the Office of the Superintendent of Financial Institutions Canada).

*b.* A copy of any Notification of Adverse Financial Condition Report filed with such other state is filed with the commissioner within the time specified in rule 191—98.10(505).

**98.2(3)** Foreign or alien insurers required to file Management's Report of Internal Control Over Financial Reporting in another state are exempt from filing the report in this state provided the other state has substantially similar reporting requirements and the report is filed with the commissioner of the other state within the time specified.

**98.2(4)** This chapter shall not prohibit, preclude or in any way limit the commissioner of insurance from ordering or conducting or performing examinations of insurers pursuant to Iowa Code chapter 507.